

Alternative Fuel Vehicles and Refueling Equipment

Arizona Form 313

General Instructions

For assistance, please contact one of the Taxpayer Information and Assistance help numbers:

Phoenix(602) 255-3381
Tucson(520) 628-6421
Other Arizona areas1-800-352-4090
Hearing impaired TDD user
Phoenix(602) 542-4021
Other Arizona areas1-800-397-0256
Form orders(602) 542-4260
Forms by Fax(602) 542-3756
Recorded Tax Information
Phoenix(602) 542-1991
Other Arizona areas1-800-845-8192
Internet<http://www.state.az.us/revenue>

For taxable years beginning from and after December 31, 1993, Arizona law allows a subtraction for alternative fuel vehicles or alternative fuel delivery systems. For taxable years beginning after December 31, 1993, and before January 1, 1999, Arizona law allows a credit for alternative fuel vehicles or alternative fuel delivery systems.

You may take the subtraction or the tax credit only if the Arizona Department of Commerce certifies your vehicle or equipment.

You cannot take both the subtraction and the credit for the same vehicle or fuel delivery system.

Use this form to figure your alternative fuel vehicle and refueling equipment subtraction. Also use this form to figure your alternative fuel vehicle and fuel delivery system credit.

An alternative fuel vehicle is a vehicle that is primarily propelled by an alternative fuel. The vehicle must be self-propelled and registered and titled in Arizona for operation on highways. Vehicles like golf carts, including neighborhood electric vehicles (even if used as a means of secondary transportation), motorized wheelchairs, or vehicles designed primarily for agricultural purposes are not alternative fuel vehicles for this subtraction or credit. Alternative fuel vehicles also do

not include vehicles like fork-lifts that are not designed primarily for operation on highways.

NOTE: *If you are eligible for the credit or subtraction from more than one source (e.g., direct investment, flow-through from a partnership or S corporation), complete a separate Form 313 for each source. Enter the aggregate amounts from all Forms 313 on Arizona Form 300 or Arizona Form 301.*

Alternative fuel is:

- liquefied petroleum gas
- natural gas
- hydrogen
- electricity
- solar energy
- alcohol fuels that contain not less than 85 percent alcohol by volume.

An alternative fuel delivery system is any facility that provides for the fueling of an alternative fuel vehicle.

Line-by-Line Instructions

Enter the names and taxpayer identification numbers (TIN) as shown on Form 140, 140PY, 140NR, 140X, 141, 120, 120S, 120X, or 165. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers who fail to include the preparer TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or

unclear identification numbers may cause delays in processing the returns.

Part I: Subtraction Computation

Only individuals, partnerships, corporations (other than S corporations), estates and trusts may take this subtraction. An S corporation cannot take this subtraction.

NOTE: *You cannot take both the subtraction and the credit for the same alternative fuel vehicle or alternative fuel delivery system.*

You may qualify to take this subtraction if you did any of the following.

1. Purchased a new alternative fuel vehicle for use in Arizona.
2. Converted a conventional fuel vehicle to an alternative fuel vehicle for use in Arizona.
3. Purchased and installed alternative fuel vehicle refueling equipment on your property in Arizona.

You may take a subtraction for purchasing a new alternative fuel vehicle. You may take a subtraction for converting a conventional fuel vehicle to an alternative fuel vehicle. You may take a subtraction for installing an alternative fuel delivery system. Individuals may also subtract 50 percent of the personal interest related to a qualified purchase or conversion that was for private noncommercial use. The total subtraction is the sum of the amounts allowed to be subtracted for each item.

You can take a subtraction only if the Arizona Department of Commerce certifies your vehicle or equipment.

If you have questions about tax certification, contact the Arizona Department of Commerce Energy Office at (602) 280-1402 or toll free in Arizona at 1-800-352-5499.

To figure your subtraction, complete Part I, lines 3 through 28.

Subtraction for Purchasing a New Alternative Fuel Vehicle

You may take a subtraction for purchasing a new alternative fuel vehicle for use in Arizona. You cannot take a subtraction for purchasing a used alternative fuel vehicle.

The subtraction for purchasing a new alternative fuel vehicle is equal to 25 percent of the purchase price for one or more vehicles but cannot exceed \$10,000 (\$5,000 for corporations) for each vehicle. For the purpose of this subtraction, the purchase price does not include taxes, interest, and other finance charges.

You must allocate and apply one-third of the subtraction to each of three consecutive taxable years beginning with the taxable year in which you purchased the vehicle. If you convey the title to the vehicle to another individual, corporation, partnership, estate, or trust, you cannot take the subtraction for any subsequent taxable year.

Line 3 -

Enter the number of new alternative fuel vehicles you purchased during the taxable year for which you are taking a subtraction. If you are taking a subtraction for more than four new vehicles, complete additional schedules.

Line 4 -

Enter, in each column, the purchase price for each vehicle. Do not include taxes, interest, or other finance charges.

Line 5 -

Multiply each column in line 4 by 25 percent. Enter the result.

Line 6 -

Corporations enter the amount on line 5 or \$5,000, whichever is less.

Individuals, partnerships, estates and trusts, enter the amount on line 5 or \$10,000, whichever is less.

Line 7 -

Add the amounts on line 6 for each column. Enter the total.

Line 8 -

If you completed additional schedules because you are taking a subtraction for more than four new alternative fuel vehicles purchased during the taxable year, enter the aggregate line 7 totals from your additional schedules.

Line 9 -

Add lines 7 and 8. Enter the total.

Line 10 -

Divide the amount on line 9 by the number 3. Enter the result.

Subtraction for Converting Conventional Vehicles to Operate as Alternative Fuel Vehicles

You may take a subtraction for converting a conventional vehicle to operate as an alternative fuel vehicle for use in Arizona.

The subtraction for converting a conventional vehicle to operate as an alternative fuel vehicle is equal to the cost of the conversion but cannot exceed \$5,000 (\$3,000 for corporations) for each vehicle. For the purpose of this subtraction, the cost of conversion does not include taxes, interest, and other finance charges.

You must allocate and apply one-third of the subtraction to each of three consecutive taxable years beginning with the taxable year in which you converted the vehicle. If you convey the title to the vehicle to another individual, corporation, partnership, estate or trust, you cannot take the subtraction for any subsequent taxable year.

Line 11 -

Enter the number of conventional vehicles that you converted to operate as an alternative fuel vehicle during the taxable year for which you are taking a subtraction. If you are taking a subtraction for more than four converted

vehicles, complete additional schedules.

Line 12 -

In each column, enter the cost of converting each conventional vehicle to operate as an alternative fuel vehicle. Do not include taxes, interest, or other finance charges.

Line 13 -

Corporations enter the amount on line 12 or \$3,000, whichever is less.

Individuals, partnerships, estates, and trusts enter the amount on line 12 or \$5,000, whichever is less.

Line 14 -

Add the amounts on line 13 for each column. Enter the total.

Line 15 -

If you completed additional schedules because you are taking a subtraction for more than four vehicles that you converted during the taxable year, enter the aggregate line 14 totals from your additional schedules.

Line 16 -

Add lines 14 and 15. Enter the total.

Line 17 -

Divide the amount on line 16 by the number 3. Enter the result.

Subtraction for Refueling Equipment

You may take a subtraction for purchasing refueling equipment (including storage tanks) for your use, for installation on your property in Arizona. You may take the subtraction in the year in which you have the refueling equipment installed. The subtraction is equal to the purchase price of the equipment, but cannot exceed \$5,000. For the purpose of this subtraction, the cost of refueling equipment does not include taxes, interest, and other finance charges.

You must allocate and apply one-third of the subtraction to each of three consecutive taxable years beginning with

the taxable year in which you had the equipment installed.

Line 18 -

Enter the cost of the refueling equipment purchased for your use that you had installed during the taxable year on your property in Arizona. Do not include taxes, interest, or other finance charges.

Line 19 -

Enter the amount on line 18 or \$5,000, whichever is less.

Line 20 -

Divide the amount on line 19 by the number 3. Enter the result.

Subtraction for Interest

The subtraction for interest is for individual taxpayers only. All other taxpayers enter zero on line 21.

If your purchase or conversion was for your private noncommercial use, you may subtract some of the personal interest you paid or incurred during the taxable year.

You may subtract 50 percent of the interest you paid or accrued during the taxable year to purchase a new alternative fuel vehicle for your noncommercial personal use. You may also subtract 50 percent of the interest you paid or accrued during the taxable year to convert a conventional fuel vehicle to operate as an alternative fuel vehicle for your noncommercial personal use.

If you are a cash basis taxpayer, you may only subtract 50 percent of the qualifying amounts actually paid during the taxable year. If you are an accrual basis taxpayer, you may subtract 50 percent of the qualifying interest accrued during the taxable year.

Line 21 -

Enter 50 percent of your qualifying interest.

Line 22 - Current Taxable Year Subtraction

Add the amounts on lines 10, 17, 20, and

21. Enter the total.

Subtraction From Prior Taxable Years Allocated to Current Taxable Year

You must allocate and apply one-third of the total allowable subtraction for items 1 through 3 below to each of three consecutive taxable years.

1. Purchasing a new alternative fuel vehicle or vehicles.
2. Converting conventional vehicles to operate as alternative fuel vehicles.
3. Purchasing qualifying refueling equipment.

Use lines 23 through 27 to determine the portion of the total allowable subtraction for purchases or conversions made in prior the taxable years that is allocable to the current taxable year.

Line 23 -

In the applicable column enter the ending date of the taxable year from which you are allocating the subtraction.

Line 24 -

In column (a) and column (b), if applicable, enter one-third of the subtraction allowable from the prior taxable year(s). This is the sum of the amounts shown on Part I, lines 10, 17, and 20, of the Arizona Form 313 filed with your Arizona income tax return(s) for those taxable years.

Line 25 -

If you conveyed the title to your qualifying vehicle to another individual, corporation, partnership, estate, or trust, you cannot take the subtraction for that vehicle in any subsequent taxable year.

Enter the unallowable amount on line 25. Attach a schedule to your return that shows your computations and identifies each vehicle for which you computed an unallowable amount. In order to properly identify each vehicle, your schedule must show both of the following.

1. The taxable year in which you purchased or converted your

qualifying vehicle.

2. The vehicle number under which you listed the vehicle on the Form 313 for the first taxable year in which you claimed the subtraction for that vehicle.

The following example will illustrate how to compute the unallowable amount.

Example:

John, an individual taxpayer, purchased two new qualifying alternative fuel vehicles during 1995 at a cost of \$36,000 each, for a total cost of \$72,000. For the 1995 taxable year, John computed a total subtraction of \$18,000 (\$9,000 for each vehicle). Since John could only take one-third of the total \$18,000 subtraction on his 1995 return, John took a subtraction of \$6,000 on his 1995 return.

During December of 1995, John sold vehicle # 1 to another individual. Since John does not own vehicle #1 any longer, John cannot take the remaining two-thirds of the original \$9,000 subtraction allowed for vehicle #1. John computes the unallowable amount for vehicle #1 as follows:

Vehicle #1 subtraction	_____ \$	9,000
Less amount taken for vehicle #1 in 1995	_____	3,000
Total unallowable amount	___ \$	6,000

Since John may still take a subtraction for vehicle #2 on his 1996 Arizona return, John must allocate the unallowable amount for vehicle #1 between taxable years 1996 and 1997 as follows.

Unallowable amount allocable to 1996	_____ \$	3,000
Unallowable amount allocable to 1997	_____ \$	3,000

Since \$3,000 of the unallowable amount is allocable to 1996, John will enter \$3,000 on Part I, line 25, column (a) of his Arizona Form 313.

Line 26 -

In column (a) and column (b), if applicable, subtract line 25 from line 24.

Enter the result in the applicable columns on line 26.

Line 27 -

Add the amounts in column (a) and column (b) on line 26. Enter the total in column (c) on line 27.

Total Subtraction Allowed for the Taxable Year

Line 28 -

Add lines 22 and 27. Enter the total. Individuals also enter this amount on Form 140, page 2, line C15; Form 140PY, page 2, line D33; or Form 140NR, page 2, line D27.

Estates or trusts filing an Arizona Form 141, also enter this amount on Form 141, line 11f.

Partnerships filing Arizona Form 165, also enter this amount on Arizona Form 165, page 2, Schedule B, line B4.

Corporations filing Arizona Form 120, also enter this amount on Arizona Form 120, page 2, Schedule B, line B8.

Part II: Credit Computation

NOTE: *You cannot take both the credit and the subtraction for the same alternative fuel vehicle or alternative fuel delivery system.*

For taxable years beginning from and after December 31, 1993, and before January 1, 1999, Arizona law allows a credit for alternative fuel vehicles or alternative fuel delivery systems.

You may take a credit for purchasing a new alternative fuel vehicle for use in Arizona. You may take a credit for converting a conventional fuel vehicle to operate as an alternative fuel vehicle for use in Arizona. You may take a credit for purchasing an alternative fuel delivery system for installation on your property in Arizona. The total credit is the sum of the amounts allowed as a credit for each item.

You can take a credit only if the Arizona Department of Commerce certifies your vehicle or equipment.

If you have questions about tax certification, contact the Arizona Department of Commerce Energy Office at (602) 280-1402 or toll free in Arizona at 1-800-352-5499.

If the allowable credit exceeds the income tax due, you may carry the credit forward to the next five consecutive taxable years as a credit against subsequent years' income tax liability.

To figure your credit, complete Part II, lines 1 through 28.

Credit for Purchasing a New Alternative Fuel Vehicle

Line 1 -

Enter the number of new alternative fuel vehicles purchased during the taxable year for which you are taking a credit.

Line 2 -

Multiply the amount on line 1 by \$1,000. Enter the result.

Credit for Converting a Conventional Vehicle to Operate as an Alternative Fuel Vehicle

Line 3 -

Enter the number of conventional fuel vehicles converted to operate as alternative fuel vehicles during the taxable year for which you are taking a credit.

Line 4 -

Multiply the amount on line 3 by \$1,000. Enter the result.

Credit for Refueling Equipment

Line 5 -

Enter the number of alternative fuel delivery systems that you purchased for your use during the taxable year for installation on your property located in Arizona for which you are claiming a credit. If you are taking a credit for more than four alternative fuel delivery systems, complete additional schedules.

Line 6 -

In each column, enter the cost of each alternative fuel delivery system for which you are claiming a credit.

Line 7 - Individuals Only

All other taxpayers skip line 7 and enter the amount from line 6 on line 8.

Enter the amount of any grants received from the Arizona Department of Commerce.

If you received a grant from the Arizona Department of Commerce for the purchase and installation of an alternative fuel delivery system, you are not eligible to claim a tax credit for the amount of the grant. If the cost of the alternative fuel delivery system exceeds the amount of the grant, you may claim a credit for the amount in excess of the amount of the grant not to exceed the limits of the credit.

Line 8 -

Corporations, trusts, estates, and partnerships enter the amount from line 6.

Individuals, subtract the amount on line 7 from the amount on line 6. Enter the result.

Line 9 -

Enter the amount on line 8 or \$1,000, whichever is less.

Line 10 -

Add the amounts on line 9 for each column. Enter the total.

Line 11 -

If you completed additional schedules because you are taking a credit for more than four alternative fuel delivery systems that you purchased during the taxable year, enter the aggregate line 10 totals from your additional schedules.

Line 12 -

Add lines 10 and 11. Enter the total.

Total Credit**Line 13 -**

Add the amounts on lines 2, 4, and 12.
Enter the total.

Lines 14 through 17 - S corporations only**Line 14 - S corporation election**

All S corporations must complete line 14. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. One of the officers of the S corporation who is also a signatory to the Arizona Form 120S must sign this election.

Lines 15 through 17 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 15 through 17.

An S corporation must complete the Form 313 through line 14. Then, complete lines 15 through 17 separately for each shareholder. The S corporation must furnish each shareholder with a copy of the completed Form 313.

Each shareholder must complete lines 21 through 28.

Lines 18 through 20 - Partnerships only

A partnership must complete the Form

313 through line 13. Then, complete lines 18 through 20 separately for each partner. The partnership must furnish each partner with a copy of the completed Form 313.

Each partner must complete lines 21 through 28.

Lines 21 through 28 - All taxpayers claiming the credit

Lines 21 through 25 - Available Credit Carryover

The taxpayer should complete lines 21 through 25 only if the allowable alternative fuel vehicle and/or refueling equipment credit for a prior year(s) exceeded the taxpayer's Arizona income tax liability for that prior year.

Line 21-

In columns (a) through (e) enter the taxable year(s) from which the credit is carried forward.

Line 22-

In columns (a) through (e) enter the amount of the original tax credit earned for that taxable year.

Line 23-

In columns (a) through (e) enter the amount of the tax credit for that taxable year which you have previously used.

Line 24-

In columns (a) through (e) subtract the amount on line 23 from the amount on line 22. Enter the result.

Line 25-

Add the amounts in columns (a) through (e) on line 24. Enter the total on line 25, column (f).

Lines 26 through 28 - Total Available Credit**Line 26 -**

Individuals and corporations (including S corporations that elected to claim the credit), enter the amount from line 13. S corporation shareholders, enter the amount from line 17. Partners of a partnership, enter the amount from line 20.

Line 27 -

Enter the amount from line 25, column (f).

Line 28 -

Add lines 26 and 27. Enter the total.

Individuals, also enter the total available credit on Arizona Form 301, Part I, line 9.

Corporations (including S corporations that elected to take the credit), also enter the total available credit on Arizona Form 300, Part I, line 9.